



City of San Diego

**KEVIN L. FAULCONER**  
CITY COUNCIL PRESIDENT PRO TEM – DISTRICT 2

**CARL DEMAIO**  
CITY COUNCIL – DISTRICT 5

## MEMORANDUM

DATE: May 13, 2010

TO: Eduardo Luna, City Auditor  
Audit Committee Members

FROM: Councilmember Carl DeMaio *Carl DeMaio*  
Council President Pro Tem Kevin L. Faulconer *Kevin L. Faulconer*

RE: Performance Audit Recommendation: Fleet Services

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As you prepare your Audit Work Plan for FY 2011, we respectfully request the inclusion of a performance audit on the City's Fleet Services Division.

The FY 2011 Proposed Budget includes 249 budgeted positions (FTEs) for Fleet Operations, with \$50.3 million budgeted for operations and maintenance activities and \$14.8 million for replacement purposes.

In FY 2007, the City's Fleet Services Division completed a business process re-engineering study that identified several efficiencies. However, as presented at a recent City Council budget hearing, a pilot project using GPS tracking technology in a portion of city vehicles uncovered potential for significant cost savings if the technology and subsequent utilization analysis were deployed throughout the City's fleet. As such, we remain convinced that additional opportunities for cost savings exist in the department.

In an effort to ensure that the progress made by Fleet Services continues and to identify additional areas for improvement and efficiency, we request that a Performance Audit of the City's Fleet Services Division be added to the City Auditor's Work Plan.

Such an audit could encompass, but not be limited to, examining the following:

- The internal controls related to vehicle use
- Any existing impacts from vehicle under/overutilization
- The cost-effectiveness of various types of vehicles
- Monitoring and tracking of appropriate data needed for effective management
- An examination of the efficiency of take-home vehicle policies and procedures

The above list simply represents some initial areas for consideration in a performance audit of the Fleet Services Division. We are confident that a close examination of this department by the City's internal auditor will identify additional areas for improving efficiency in an area of operations that expends approximately \$65 million in taxpayer funds in the proposed FY 2011 budget.

We appreciate your consideration of our request and encourage you to contact our respective offices in the event you have any questions.

cc: Honorable Mayor and City Council